



Maine Lobster Dealers' Association  
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Response to Request for Information, RTID 0648-XQ012  
Recommendations for a Comprehensive Interagency Seafood Trade Strategy  
Sent via email: [SeafoodTrade.Strategy@noaa.gov](mailto:SeafoodTrade.Strategy@noaa.gov)

Jim Sanford  
Assistant U.S. Trade Representative for Market Access and Industrial Competitiveness  
600 17th Street N.W.  
Washington, D.C. 20508

Drew Lawler  
Deputy Assistant Secretary for International Fisheries  
National Oceanic and Atmospheric Administration  
United States Department of Commerce  
1401 Constitution Avenue, N.W.  
Washington, D.C. 20230

Dear Mr. Sanford and Mr. Lawler,

The Maine Lobster Dealers' Association (MLDA) is a trade association representing the live lobster wholesale and lobster processor sector in Maine. Collectively, our sector of the industry represents a \$1.5 billion impact to Maine's economy and roughly 6,000 jobs – significant figures in our small, fishery-dependent state. Products of interest to our members include 030632, 030612, and 160530.

While our association represents the supply chain businesses, our sector also works directly with the commercial fishing sector of the industry. In Maine, we have 4,500 state licensed fishermen who employ additional crew, accounting for roughly 12,000 jobs on the water. For the last fifteen years, the ex-vessel volume of lobster has been steadily increasing after generations of strong fisheries management and stewardship of the resource. The Maine lobster fisheries is one of the great success stories of wild capture fisheries in the United States.

In the fifteen-year period in which we have seen these record landings, we have looked to foreign markets to increase distribution and value for our lobster products. The business of

handling lobster is challenging on a good day when the business functions smoothly, unfortunately we have faced several very challenging years, due in large part to tariff and non-tariff barriers to trade that have resulted in substantial declines in exports to many critical and formerly lucrative markets for our lobster products.

The commercial harvest of American lobster (*Homarus americanus*) occurs from New Jersey to Newfoundland in Atlantic Canada. Collectively, the United States and Canada harvest an average of 350 million pounds of lobster annually. We have an important and yet complicated relationship with our Canadian counterparts – we are each other’s customers, suppliers, and competitors. Many US lobster companies have operations or strong informal relationships in Canada, and vice versa. The strategy in the supply chain is to be established where the supply exists – if you have access to the supply, you are a player in the business. We have a finite source of product in a very specific part of the world – lobster is a special product, and in Maine, an iconic one.

Traditionally, our US-Canada business relationships worked well and allowed us to be successful collectively as an industry. But the tariff and non-tariff barriers to trade for US lobster exporting companies has provided our Canadian counterparts with incredible advantages in several nations and trading blocks and resulted in significant declines in export values to almost every market.

#### **Current export markets for *H. americanus*:**

The US Lobster industry currently exports to China, Canada, Hong Kong, South Korea, Thailand, Singapore, Italy, UK, Vietnam, Spain, United Arab Emirates, France, Japan, Malaysia, Denmark, Saudi Arabia, and Sweden.

#### **Tariff Barriers to Trade:**

##### European Union:

In September 2017, Canada and the European Union provisionally implemented the Comprehensive Economic Trade Agreement (CETA). Prior to CETA, the European Union had assessed tariffs on *Homarus americanus*: 8 percent tariff on live lobster and a 16-20% tariff on processed and frozen lobster products exported from the USA. With the implementation of CETA, the 8% tariff on live lobster exported from Canada was eliminated immediately. The 16-20% tariffs are being phased out and will go to 0% by 2021. American lobster exports are still assessed those duties because the United States failed to complete the Transatlantic Trade and Investment Partnership (TTIP) with the EU. Historically, the US exported more lobster to the EU than Canada did, in large part due to our strategic air cargo logistics for live lobster from Boston and New York. Today, our exports to the EU have declined over 50% or more depending on the specific country.

## China:

In 2008, US lobster exports to China were valued at \$74,651. By 2017, the export value to China had exceeded \$131 million. On July 6, 2018, the Maine lobster industry became an unfortunate casualty in the US-China Trade War. All US lobster products (live, value added) joined a list of over 200 seafood products that suffered a 25% cumulative retaliatory tariff at that time. The retaliatory tariff eventually increased to 35%. On February 18, 2020, the P.R.C. Ministry of Finance (MOF) established an exclusion process for certain products under the Section 301 China-US trade dispute as a part of the process to relieve burdens on Chinese importers and to promote more trade with the United States. Lobster was included on the exclusion list, but so far this process has not proved to increase sales of lobster to China. We recognize that the timing of this exclusion process happened at the same time as the coronavirus pandemic, which has decimated the global food industry and limited international shipping logistics for live and perishable products like lobster. But the Phase One agreement has completely failed to deliver a substantial and important return of our Chinese customer base. In June, President Trump held a meeting with members of Maine's seafood industry and discussed the trade war at that time. On June 26, 2020, [President Trump issued a memo](#) in support of the US lobster industry and directed USTR to submit a monthly report to the President with progress to meeting its purchase commitments under the Phase One Agreement.

## **Non-tariff barriers to trade:**

### Japan:

In 2008, the [FDA issued a health advisory on lobster tomalley](#). Tomalley is the hepatopancreas of the lobster and is subject to paralytic shellfish poisoning (PSP) naturally occurring in algae blooms. Days after the announcement, [Japan started holding product](#). The Japanese Health Ministry requires lot testing on all product arriving from the USA, but Canada can test before the product exits the country. The lot testing process holds the product in quarantine after it arrives in Japan, and after shipping a live animal 20-40 hours in transit, quarantine is basically a death wish for the product.

In 2011, Maine Congresswoman Chellie Pingree coordinated a meeting with the Japanese Consulate to try and resolve the issue. We have discussed this issue at length with NOAA officials, to no resolve. NOAA officials have told us that Canadians are now doing a mouse bioassay where they test live mice by injecting a liquid (whole lobster ground up and turned into a liquid allopurine) if the mouse dies, there is a PSP issue. NOAA is doing quarterly monitoring of heavy metals and they test PSP regularly.

Russia:

In addition to a dire need to reclaim access to the European Union, China, and Japan, we believe that the lobster industry should find an opportunity to export lobster to Russia. As an industry, we are shipping to several destinations around the world (Dubai, Amsterdam, etc) where our customers transship live and valued added lobster to Russia. The Russian market presents an incredible opportunity for luxury seafood products such as Maine lobster.

**Conclusion:**

The US lobster industry is suffering large losses in global markets due to chaotic US trade policy and lack of attention to SPS issues. As a result, our counterparts in Canada are rapidly increasing market share in most export destination, while US lobster exports have declined substantially.

Together, USTR, NOAA, and industry must work towards strategic solutions to tariff and non-tariff barriers to trade in global markets for the benefit of the Maine lobster industry and the entire seafood industry. Thank you for creating this opportunity for industry to comment and offer our experience and expertise. We are hopeful that substantial changes to United States trade policy will support our exports and our hard-working men and women in the seafood industry nationwide.

Best regards,



Annie Tselikis  
Executive Director  
Maine Lobster Dealers' Association

Attachments (please see next page):  
US lobster export data